



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

July 12, 2012

CERTIFIED RETURN RECEIPT
7011 0110 0001 3568 3551

Chubb Group of Insurance Companies
15 Mountain View Road
P. O. Box 1615
Warren, New Jersey 07061

Subject: Responsibilities of Federal Insurance Company under Surety Bond f
Reynolds Sand and Gravel LLC, Camp Williams Pit #3, S/035/0044, Salt Lake County,
Utah

Dear Sir or Madame:

On April 16, 2012, the Division of Oil, Gas and Mining (Division) received notification from you that reclamation surety bond# would be cancelled 90 days from receipt of the notice (July 15, 2012). The Division has not received a replacement surety.

As stated in the Division's letter to you dated April 30, 2012, the Division continues to hold Federal Insurance Company fully liable for all reclamation obligations incurred prior to the date of termination. The Division may make demand on Federal Insurance Company to either proceed with reclamation or to pay the Division the amount of the bond if Reynolds Sand and Gravel fails to fulfill its obligations. If Federal Insurance Company fails to complete reclamation or make payment as requested, the Division will proceed to file a Notice of Agency Action with the Board of Oil, Gas and Mining to seek forfeiture of the bond.

The Division has received a transfer application from another entity but has not yet received a replacement surety. If this replacement is received your responsibility under the surety bond will be cancelled.

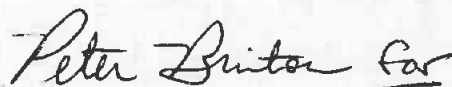
By August 6, 2012, please respond to this letter and affirm that Federal Insurance Company remains committed to either complete reclamation or to make payment to the Division if required.



Chubb Group of Insurance Companies
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Thank you for your cooperation. Please feel free to call me at 801-538-5261 if you have any questions about this letter.

Sincerely,

A handwritten signature in cursive script that reads "Peter Binton far". The signature is written in dark ink and is positioned above the printed name and title.

Paul Baker
Minerals Program Manager

PBB:pb

Cc: Rob Reynolds, Reynolds Sand and Gravel
P:\GROUPS\MINERALS\WP\M035-SaltLake\S0350044-CampWilliamPit3\final\ltr-surety-07122012.doc